

**Decline in Industrial Production**

2351. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether it is a fact that Industrial Production has shown a down slight during the months of May and June;

(b) if so, what are the reasons therefor; and

(c) whether Government would give any boost to the higher Industrial Production?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) The latest official data on industrial growth is available up to May 2000. As per the Quick Estimates of Index of Industrial Production (IIP) (Base: 1993-94=100) released by Central Statistical Organisation (CSO) on July 12, 2000, industry has grown by 5.5% in May, 2000 as against 7.6% in May 1999. The overall cumulative growth during April-May 2000-01 was recorded at 5.6% as against 6.2% in April-May, 1999-2000. Thus, there is a marginal decline in the growth rate of industry in first two months of the current financial year compared to corresponding period of last year.

(b) and (c) This marginal decline in industrial growth rate during May 2000 is due to the poor performance of manufacturing sector. The Government is continuously monitoring the performance of the industrial sector to take necessary measures.

**Decline in Industrial Growth**

2352. SHRI RAMACHANDRA KHUNTIA: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the industrial growth has declined in the last five years;

(b) the details of industrial production and industrial growth during the last two years; and

(c) the reasons for restricted growth and recovery and steps taken to boost the production?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN): (a) and (b) Industrial growth has varied from year to year in the last five years. The details of the rates of growth of Industry and its major sectors in the last five years is given below;

*Rate of Industrial Growth (%)*

| Year<br>(weight) | Mining<br>(10.47) | Manufacturing<br>(79.36) | Electricity<br>(10.17) | Overall<br>(100.00) |
|------------------|-------------------|--------------------------|------------------------|---------------------|
| 1995-96          | 9.5               | 14.1                     | 8.1                    | 13.1                |
| 1996-97          | -1.9              | 7.3                      | 4.0                    | 6.1                 |
| 1997-98          | 5.9               | 6.6                      | 6.6                    | 6.6                 |
| 1998-99          | -1.7              | 4.2                      | 6.5                    | 3.8                 |
| 1999-2000        | 0.7               | 9.1                      | 6.6                    | 8.1                 |

The above table indicates that in the last five years overall industrial growth declined in two years (i.e., in 1996-97 and 1998-99) and recovered in two years (i.e. in 1997-98 and 1999-2000).

(c) The Economic survey 1999-2000 dwells on the reasons for restricted growth and recovery in industrial growth in the last five years. As per this "the cyclical downturn in industrial growth, which started in 1996-97, showed some signs of recovery in 1997-98. This was however, prematurely aborted by political uncertainty followed by twin effects of the Asian Crisis (including its aftermath of the Russian and Brazilian contagion) and the post Pokharan sanctions. It reached its nadir in 1998-99 with a growth rate of 3.8%. Underlying the cycle in industrial growth is a manufacturing growth cycle, which also reached its lowest point of 4.2% in 1998-99".

The Government intervenes through appropriate policy reforms from time to time to accelerate industrial production. This has been seen by continued reforms in industry (including foreign direct investment policy), trade, infrastructure, information technology and financial sectors which have helped industry to improve its efficiency, productivity and international competitiveness. This has helped industrial growth to recover to 8.1% in 1999-2000.